

VZCZCXRO9578  
PP RUEHDBU  
DE RUEHKB #0735/01 1381310  
ZNY CCCCC ZZH  
P 181310Z MAY 06  
FM AMEMBASSY BAKU  
TO RUEHC/SECSTATE WASHDC PRIORITY 0364  
INFO RUCNCIS/CIS COLLECTIVE PRIORITY  
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY  
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BAKU 000735

SIPDIS

SIPDIS

E.O. 12958: DECL: 05/16/2016  
TAGS: [PREL](#) [PGOV](#) [ETRD](#) [AJ](#) [EAIR](#) [SNAR](#)  
SUBJECT: SPECIAL REPRESENTATIVE FOR COMMERCIAL AND BUSINESS  
AFFAIRS MERMOUD'S VISIT WITH AZERBAIJAN AIRLINES AND THE  
AZERBAIJAN CUSTOMS SERVICE

Classified By: Charge d'Affaires Jason P. Hyland, reasons 1.4 (b).

11. (C) SUMMARY: During his recent visit to Baku, Frank Mermoud, State Department Special Representative for Commercial and Business Affairs, and Charge met with representatives of Azerbaijani Airlines (AZAL) and members of the State Customs Committee. The meetings focused on follow-up from the 25-28 April 2006 visit of Azerbaijani President Ilham Aliyev and various Azerbaijani Ministers to Washington. AZAL highlighted its intention to replace the two Boeing planes that it is currently leasing with purchased planes in the coming years. AZAL also plans to purchase new jetways and airport service equipment. The Customs Committee expressed interest in increased relations with the U.S. and reported on changes that were afoot in Azerbaijan's customs code. END SUMMARY.

#### AZERBAIJAN AIRLINES

-----

12. (C) State Department Special Representative for Commercial and Business Affairs Frank Mermoud and Charge met with Sabir Ilyasov, the First Deputy Director General of Azerbaijan's State Concern for Civil Aviation on May 5. Mermoud focused on the purchase requirements for Azerbaijan Airlines (AZAL) in the coming years, and Boeing's interest in better understanding AZAL's needs. Ilyasov said that AZAL is in the process of turning over its fleet from Russian planes to American planes and he was optimistic, without making a firm commitment, that AZAL would be interested in purchasing Boeing planes. Currently, AZAL is leasing two Boeing 757 planes, which they would like to replace with two new Boeing planes. Mermoud asked Ilyasov for the list of list of intended future purchases. Ilyasov said he would pass a copy of the list to the embassy when it was available.

13. (C) Ilyasov commented about the importance of turning over the fleet and the training that AZAL pilots and mechanics receive from the United States. AZAL is currently working with Whick's Group, a U.S. consulting company that helps facilitate training and maintenance. Additionally, Ilyasov said that the State Concern for Civil Aviation will be looking to purchase four new "air bridges" (jetways) for Baku's Heydar Aliyev International Airport. Furthermore, Azerbaijan has planned to purchase several new vehicles that will be used in the transport and servicing of planes and other airport business.

14. (C) Ilyasov mentioned that, currently, the biggest goal for the State Concern for Aviation is upgrading the airports in Baku, Nakhchivan and Ganje, with services and equipment. Additionally, Azerbaijan is in the process of constructing airports in Lankaran and Zaqatala, both of which will be international airports. These two new airports will

initially be open for cargo flights, with passenger flights to follow later. Mermoud stressed the role that U.S. consulting and service companies could play in the construction and day-to-day operations of these airports.

STATE CUSTOMS COMMITTEE

15. (C) Mermoud then met with Lieutenant General Aydin Aliyev, Chairman of the State Customs Committee of Azerbaijan. Aliyev reviewed the strong state of relations between the State Customs Committee and the U.S. Government, and thanked Mermoud for the training and other technical assistance that the U.S. had provided to Azerbaijan, which helped create a more modern customs service. Mermoud used the opportunity to thank the State Customs Committee for its cooperation with the U.S. and also to gently prod Aliyev about issues of concern to U.S. business in Azerbaijan.

16. (C) Aliyev made a strong pitch for an increased level of trade between the United States and Azerbaijan, and mentioned that the current level of trade (about USD 174 million annually) is much lower than it should be. However, Aliyev mentioned that many goods that come into Azerbaijan are in fact U.S.-produced goods re-exported from Dubai, which makes the total trade figure much less than it really is.

17. (C) Mermoud thanked Aliyev for resolution of Proctor & Gamble's custom's problems. Aliyev said that the State Customs Committee is often in a difficult situation, because it has to both ensure an open flow of goods, but in accordance with Azerbaijani law it also has to prevent goods from reaching Armenia. This sometimes creates misunderstanding and acrimony. Furthermore, Aliyev said that many Azerbaijanis do not like it when companies work in both

BAKU 00000735 002 OF 002

countries.

18. (C) Aliyev also said that Azerbaijan is currently in the process of developing a new customs code. The current customs code is nine years old and outdated. Aliyev said that the new customs code will better help facilitate the flow of goods and reduce problems that plagued the customs service in the past. Aliyev noted the number of successes that the Customs service in cooperation with the U.S. government has made over the years and lamented that these successes in the areas of counternarcotics and counterproliferation were not usually publicized.

19. (C) Aliyev also recalled the automobile accident in Florida in December 2005, when Aliyev and one of his deputies were seriously injured and an Embassy Baku Foreign Service National was killed. Aliyev praised the support and attention he received from the U.S. Customs Service, the Department of State and the Diplomatic Security Service. He said that if it was not for the high quality of healthcare in the U.S., and had the accident happened anywhere else, he likely would not be alive.

110. (U) Special Representative for Commercial and Business Affairs Frank Mermoud has cleared this cable.  
HYLAND